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UNCLAS SECTION 01 OF 03 KATHMANDU 001348

SIPDIS

STATE FOR SA/INS AND DS/IP/NEA  
STATE ALSO PLEASE PASS USAID/DCHA/OFDA  
STATE ALSO PLEASE PASS PEACE CORPS HQ  
USAID FOR ANE/AA GORDON WEST AND JIM BEVER  
MANILA FOR USAID/DCHA/OFDA  
LONDON FOR POL/GURNEY  
TREASURY FOR GENERAL COUNSEL/DAUFHAUSER AND DAS JZARATE  
TREASURY ALSO FOR OFAC/RNEWCOMB AND TASK FORCE ON TERRORIST  
FINANCING  
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN  
NSC FOR MILLARD  
SECDEF FOR OSD/ISA ALVERSON

E.O. 12958: N/A

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SUBJECT: UPDATE ON NEPAL'S MAOIST INSURGENCY, JULY 10-16,  
2004

REFERENCE: (A) KATHMANDU 1300  
(B) KATHMANDU 0120  
(C) KATHMANDU 1339

SUMMARY

1. Government of Nepal (GON) officials announced there would be no unilateral ceasefire even as contradictory opinions surrounded the issue of international mediation. Maoists pulled off another brazen assassination of a city mayor in broad daylight, following a pattern of assassinating local and metropolitan-level officials who refuse to resign from their posts. According to Royal Nepal Army (RNA) officials, Maoist "hit squads" have entered the Kathmandu Valley "disguised as taxi drivers." The Indian press reported that Maoists from Nepal joined forces with Indian "Naxalite" militants to attack a police post in India. Security forces reportedly killed twenty-two rebels. Maoist insurgents killed three security force personnel. Seven civilians, including two children, died in Maoist related violence. Controversy surrounds a Royal Nepal Army (RNA) "sting operation" which left one innocent civilian and one suspected Maoist dead. As Maoists continue their forced recruitment campaigns and abductions, an escapee from a Maoist camp in the west alleged that abuse, misery and disease are rampant. End Summary.

NO UNILATERAL CEASEFIRE

2. At a press conference on July 13, Prime Minister Sher Bahadur Deuba said that a decision on a ceasefire would not be made "in haste" and the GON would not hold talks for "temporary peace." The Prime Minister said he was in favor of meaningful dialogue and if peace talks "can bring permanent peace, they will be held." Speaking to reporters on that same day, Minister of Culture, Tourism, and Civil Aviation Deep Kumar Upadhyay said the GON would not announce a unilateral ceasefire and ruled out peace talks until the Maoists "give up their current strategy."

OPINIONS MIXED FOR UN MEDIATION

3. As speculation lingers over third-party mediation, officials within the GON appear to have different views. On July 13 Prime Minister Deuba told the press that international mediation was not necessary, and he did not want "foreign mediation." Deuba said he strongly believed that "Nepalis have to hold talks ourselves." However, on the same day Minister of Culture, Tourism, and Civil Aviation Deep Kumar Upadhyay (a member of Deuba's own Nepali Congress-Democratic Party) said the GON did not think the UN should be "kept out" of the peace process. On July 9, India's outgoing Ambassador, Shyam Saran, reiterated his government's support to Nepal in resolving the Maoist conflict, but added that "it is for Nepal to decide what to do."

MAYOR ASSASSINATED

4. On July 12, Dhan Bahadur Bam, the Mayor of Dhangadhi, was gunned down by Maoists in broad daylight as he came out of his office. Maoists reportedly had issued warnings to Bam and other appointed officials to resign by May 2. Local human rights organizations have condemned the murder as a "gross violation of human rights," and accused the Maoists of killing political cadres simply for not subscribing to "Maoist ideology." Bam is the third mayor to be assassinated by the insurgents. On July 2 the Mayor of Pokhara, in Kaski

District, was killed by Maoists as he left his residence (Ref A). The Mayor of Birgunj, in Bara District, was also murdered on January 15 (Ref B) reportedly after refusing to pay the Maoists' extortion demand of 7000 USD and refusing to submit his resignation. Hundreds of government officials, including the Mayor of Kathmandu, have resigned over the past several months under intense pressure from the Maoists. It is unclear if these individual murders were retaliatory, are part of a broader Maoist campaign to assassinate government officials, or to force the Government of Nepal (GON) through fear back into negotiations.

#### MAOIST "HIT SQUADS" IN VALLEY -----

15. On July 15, the local press reported that over 400 Maoist cadres had infiltrated the Kathmandu Valley as part of Maoist Special Task Forces (STF). Security officials reportedly confirmed their presence to reporters with the Himalayan Times, an English language daily. According to Royal Nepal Army (RNA) officials, the STF team members are assigned to assassinate specific individuals, and are possibly disguised as taxi drivers, traveling "as drivers and passengers." A RNA "threat analysis" also revealed that Maoists could attempt to hijack an Indian Airlines airplane to pressure the Government of India to release Maoist cadres recently arrested in India.

#### MAOISTS AND INDIAN MILITANTS JOIN FORCES -----

16. A local Indian newspaper reported on July 15 that Maoists from Nepal joined with the Naxalite Maoist Communist Center (MCC), a militant Indian group, to attack a police post in the northern Indian state of Bihar. According to the report, over 300 rebels, a large number of whom were women, exchanged fire with Indian police at the post for over three hours. No policemen were reported killed, but the Maoists did overrun the post and capture some small arms.

#### VIOLENCE SHOWS NO SIGN OF SUBSIDING -----

17. Security forces reportedly killed twenty-two insurgents in separate incidents this week: two in the central district of Dhading on July 15; ten in the districts of Dolakha and Kaski on July 14; two in the mid-western district of Bardiya on July 13; and eight in Baglung and Bardiya on July 12.

18. On July 14, a police constable was killed by rebels in the western district of Rupandehi. Another was killed by a Maoist-planted bomb in Pyuthan on July 13. A Royal Nepal Army (RNA) soldier was killed by Maoists on July 11 while on leave.

19. Seven civilians were killed by Maoists, including three in Kathmandu. On July 14, a teacher was assassinated in the capital by Maoists in a "drive-by" style shooting. Two others were also killed in Kathmandu on July 13. Another civilian was killed by insurgents on July 12 in the western district of Kapilbastu. Children continue to be at risk by bombs discarded or left behind by the rebels. On July 12, two more children were killed when a bomb left behind by Maoists detonated in the far-western district of Argakhanchi. On July 12, a Maoist bomb in the western district of Banke killed one woman and injured three others.

110. In an apparent sting operation gone bad, an innocent civilian was killed, although conflicting stories surround who was responsible for his death. On July 13, security forces staged an operation in Kathmandu to catch a suspected Maoist attempting to extort money from Ullash Vaidya, an official from the Nepal Electric Authority. With security personnel watching, Vaidya gave money to the suspect, at which time security forces reportedly began firing. Both men were killed. On July 14, Royal Nepal Army (RNA) officials denied responsibility and said that "an unidentified man" shot Vaidya from the back. The RNA also claimed that the rebel was killed as he tried to "flee on a motorbike."

#### MAOIST CAMPS "HARSH" -----

111. In an interview with The Kathmandu Post published on July 12, a youth who escaped from a Maoist indoctrination camp alleged abuse and misery. According to the escapee, there are over 300 people, some as young as thirteen-years-old, in the Maoist camp located in the far-western district of Dadeldhura. Many of the occupants are sick with scabies and intestinal illnesses and some have died. He added that the Maoists force their captives to walk for long periods of time "without food and water." While in captivity the people reportedly are also taught to "use guns and make bombs."

¶12. On July 12, over 250 students in the far-western district of Accham reportedly were forcibly recruited into the Maoist army. Hundreds of other students from the area reportedly have fled to India to avoid conscription.

#### BOMB BLASTS

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¶13. On July 15 the Nepal Telecommunication Office (NTC) in Lalitpur District, south of Kathmandu, was damaged by a Maoist bomb (Ref C). According to some reports, a female Maoist approached the building and tried to place the bomb within the gate. She was killed when the device apparently detonated prematurely. Contradictory press reports, however, reported that a female civilian was killed after accidentally detonating the bomb, which was situated on a bicycle. Several windows were shattered, but no major damage was sustained. The NTC building houses one of the two satellite links for Nepal, all of NTC's internet service equipment (used by GON officials and GON website) and also a major mobile phone tower.

#### MORIARTY